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SUBJECT: JERUSALEM MEDIA REACTION (12/30): Hamas says it did not reject the prisoner exchange deal

Main Stories:

Lead stories in the dailies focus on Israeli Prime Minister Benjamin Netanyahu's meeting with Egyptian President Hosni Mubarak yesterday. Egyptian Foreign Minister Aboul Gheit described the meeting as "very positive" and noted that the Egyptian officials sensed a positive tone from the Israeli Prime Minister towards the resumption of negotiations with the Palestinians.

The three dailies report that Hamas did not reject the prisoner exchange deal. Hamas official in Damascus Osama Abu Khaled denied news published on Tuesday that the Hamas political bureau rejected the deal. He noted that Hamas is still reviewing the Israeli response that was delivered through the German mediator.

PA official daily Al-Hayat Al-Jadida reports that China and Russia oppose the Israeli plan to construct more settlement units in Jerusalem. The headline highlights the continued Israeli settlement activities in Jerusalem despite international condemnation.

Al-Ayyam front pages a photo of Palestinian Authority (PA) Prime Minister Salam Fayyad at the opening of the sixth exhibition for local food products in Jericho. Prime Minister Fayyad reiterated the PA's commitment to get rid of all settlement products in the Palestinian markets and to promote Palestinian products as alternatives in the international markets.

Citing several sources, Al-Ayyam reports that the anticipated US peace plan that Special Envoy Mitchell will propose soon will not bring new developments. According to analysts, the plan will focus on the importance of direct negotiations between Palestinians and Israelis to solve the conflict.

BLOCK QUOTE:

Al-Quds runs an editorial under the title "Between Netanyahu and Lieberman...Who Expresses the Israeli Policy?" The writer believes that both Israeli Foreign Minister Avigdor Lieberman and Prime Minister Netanyahu express the real policy of Israel, just in different ways. Lieberman is very extremist and blunt, never expressing a desire to see a Palestinian state, while Netanyahu tries to deceive the world and pretend he is willing and ready to resume peace talks with the Palestinians, when he really feels the same as Lieberman.

RUBINSTEIN